

**Swedbank AB**  
**U.S. Resolution Plan**  
**Public Section**  
**December 31, 2014**

*This document contains forward-looking statements. Statements that are not historical facts, including statements about Swedbank's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes. Forward-looking statements speak only as of the date they are made, and Swedbank undertakes no obligation to update publicly any of them in light of new information or future events.*

## TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>3</b>
OVERVIEW OF THE BANK.....	3
OVERVIEW OF THE BANK’S U.S. OPERATIONS.....	4
OVERVIEW OF THE RESOLUTION PLAN.....	4
<b>1. CORE BUSINESS LINES AND CRITICAL OPERATIONS.....</b>	<b>5</b>
<b>2. MATERIAL ENTITIES.....</b>	<b>5</b>
<b>3. CONSOLIDATED FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES .....</b>	<b>5</b>
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	5
CAPITAL .....	6
MAJOR FUNDING SOURCES .....	7
<b>4. DERIVATIVE ACTIVITIES AND HEDGING ACTIVITIES.....</b>	<b>7</b>
<b>5. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS .....</b>	<b>7</b>
<b>6. FOREIGN OPERATIONS.....</b>	<b>7</b>
<b>7. MATERIAL SUPERVISORY AUTHORITIES.....</b>	<b>8</b>
REGULATION AND SUPERVISION IN SWEDEN.....	8
REGULATION AND SUPERVISION IN THE U.S.....	8
<b>8. PRINCIPAL OFFICERS .....</b>	<b>9</b>
<b>9. CORPORATE GOVERNANCE STRUCTURE AND RESOLUTION PLANNING PROCESS....</b>	<b>9</b>
<b>10. MATERIAL MANAGEMENT INFORMATION SYSTEMS .....</b>	<b>10</b>
<b>11. RESOLUTION STRATEGY.....</b>	<b>10</b>

## INTRODUCTION

Swedbank AB (“Swedbank” or the “Bank”, and together with its subsidiaries, the “Swedbank Group” or “Group”) is pleased to present its resolution plan as required by Regulation QQ, 12 CFR Part 243 of the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and 12 CFR Part 381 of the Federal Deposit Insurance Corporation (the “FDIC”) (together, the “Final Rule”) issued pursuant to Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). The Federal Reserve and FDIC are together referred to as the “Agencies” in this plan.

Swedbank is a bank organized under the laws of Sweden. Swedbank is a foreign bank that (i) is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 (“IBA”) because it maintains a branch office located in New York, and (ii) has USD 50 billion or more in total consolidated assets, as determined based on Swedbank’s most recent annual Capital and Asset Reports for FBOs as reported on Federal Reserve Form FR Y-7Q. Accordingly, Swedbank is a “covered company” as defined in the Final Rule and is required to submit a U.S. resolution plan under Section 165(d) and the Final Rule.

As required by the Final Rule, this document constitutes the Public Section of the Bank’s U.S. resolution plan.

### Overview of the Bank

Swedbank is a public limited liability bank company (*Sw: Bankaktiebolag*) incorporated under the laws of the Kingdom of Sweden with its registered office in Stockholm. Swedbank’s shares are listed on NASDAQ OMX Stockholm. As of December 31, 2013, the Group served a total of 8 million private customers and more than 600,000 corporate and organizational customers through more than 500 branches in 12 countries, primarily in its principal markets of Sweden, Estonia, Latvia and Lithuania. To support business in these markets, the Group has established branches in neighboring markets such as Finland, Norway and Denmark, as well as in major markets of financial importance such as in China and the U.S. The Group also has a branch in Luxembourg.

The Group offers a broad range of financial products and services, including retail banking, corporate and investment banking, asset management and insurance products, with the majority of the Group’s income being derived from its Swedish retail banking services.

The Group has four business areas (Retail, Large Corporates & Institutions, Baltic Banking and Asset Management) and employs approximately 14,265 people.

## Overview of the Bank's U.S. Operations

In the U.S, the Group has a branch in New York and two subsidiaries, Swedbank First Securities, LLC and Ektornet US Inc., both conducting nonbanking operations.

### *Swedbank, New York Branch*

Swedbank, New York Branch (the "Branch" or "NY Branch") was established 1991. The Branch is not a separate legal entity and as such forms part of Swedbank AB, Sweden as an integral part of *business area* Large Corporates & Institutions ("LC&I"), International Branches. The NY Branch conducts operations mainly through three functions: *Treasury, Corporate Banking* and *Commercial Real Estate*. The NY Branch does not engage in retail banking with private individual customers and is not allowed to offer deposits insured by the FDIC.

### *Swedbank First Securities, LLC*

Swedbank First Securities, LLC ("SFS"), established in 2006, is a registered broker-dealer under the Securities and Exchange Act of 1934. SFS is a fully disclosed introducing broker/dealer whereby it does not hold customer funds or securities. SFS does not trade for its own account. SFS is a wholly owned subsidiary of Swedbank AB. SFS has no subsidiaries.

### *Ektornet US Inc.*

Ektornet US Inc. ("Ektornet U.S.") is a US entity wholly owned by Ektornet AB (Ektornet Sweden) which was established in 2009 as a wholly owned, but independently managed, subsidiary of Swedbank. Ektornet Sweden acquires, manages and develops Swedbank's repossessed properties. Ektornet U.S. owns and manages the special purpose limited liability companies (LLCs) formed to hold repossessed properties located across the US. Since mid-2012 no new properties have been transferred and disposal of Ektornet U.S.'s assets has increased due to improvement in relevant U.S. property markets. Ektornet U.S. is therefore now in the process of being wound down.

## Overview of the Resolution Plan

The key building blocks of the Bank's U.S. resolution plan are the identification of core business lines, critical operations, and material entities (each as defined in the Final Rule), if any, and the determination of whether any such core business lines, critical operations, or material entities are within the scope of the requirements of the Final Rule.

## 1. CORE BUSINESS LINES AND CRITICAL OPERATIONS

### Definition

“Core business lines” are defined in the Final Rule as the business lines of the covered company which are conducted in whole or material part in the U.S., and the failure of which would result in a material loss of revenue, profit or franchise value to the covered company.

“Critical operations” are defined in the Final Rule as those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which, in the view of the covered company or as jointly directed by the Agencies, would pose a threat to the financial stability of the United States.

### Identification of Core Business Lines and Critical Operations

Swedbank has determined that it has no core business lines for purposes of the Final Rule. Additionally, Swedbank has determined that it has no critical operations for purposes of the Final Rule. Analyses included a combination of quantitative and qualitative judgments along with a comparison to the list of critical operations (as identified by the Agencies) and a review of market share and customer profiles.

Under the Final Rule, the Agencies have the authority to jointly designate an operation of a covered company as a critical operation. No operations of Swedbank have been designated by the Agencies as critical operations for purposes of the Final Rule.

## 2. MATERIAL ENTITIES

### Definition

“Material entities” are defined as a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line.

### Identification of Material Entity

As noted above, Swedbank has determined that it has no core business lines and no critical operations for purposes of the Final Rule. Accordingly, the Bank has no material entities, as defined in the Final Rule.

## 3. CONSOLIDATED FINANCIAL INFORMATION REGARDING ASSETS, LIABILITIES, CAPITAL AND MAJOR FUNDING SOURCES

### **Consolidated Statement of Financial Position**

As of December 31, 2013 (amount in millions of SEK, unless otherwise stated).

The following summarizes the consolidated accounts and presents the financial position of the Group, in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies.

## Balance sheet, Group

SEKm	Note	2013	2012	1/1/2012
<b>Assets</b>				
Cash and balances with central banks		59 382	130 058	164 307
Treasury bills and other bills eligible for refinancing with central banks, etc.	G21	56 814	20 483	25 853
Loans to credit institutions	G22	82 278	85 480	97 195
Loans to the public	G23	1 264 910	1 238 864	1 211 454
Value change of interest hedged item in portfolio hedge		62		
Bonds and other interest-bearing securities	G24	125 585	115 324	112 458
Financial assets for which the customers bear the investment risk	G25	119 448	104 194	95 747
Shares and participating interests	G26	7 109	8 106	2 015
Investments in associates	G27	3 640	3 552	3 066
Derivatives	G28	64 352	102 265	103 726
Intangible fixed assets	G29	13 658	13 440	13 799
Investment properties	G31	685	2 393	3 910
Tangible assets	G30	3 140	4 638	4 383
Current tax assets		895	1 082	2 083
Deferred tax assets	G18	417	657	872
Other assets	G32	9 578	8 380	7 531
Prepaid expenses and accrued income	G33	6 992	7 736	8 371
Group of assets classified as held for sale	G55	1 862	208	250
<b>Total assets</b>		<b>1 820 807</b>	<b>1 846 860</b>	<b>1 857 020</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Amounts owed to credit institutions	G34	121 621	122 202	139 598
Deposits and borrowings from the public	G35	620 853	579 663	561 696
Financial liabilities for which the customers bear the investment risk	G36	120 577	105 104	96 449
Debt securities in issue	G37	727 706	767 454	781 458
Short positions securities	G38	17 519	18 229	30 603
Derivatives	G28	55 011	92 141	90 484
Current tax liabilities		1 893	1 378	472
Deferred tax liabilities	G18	2 383	2 641	2 633
Pension provisions	G39	2 925	5 235	3 649
Insurance provisions	G40	1 645	1 649	1 878
Other liabilities and provisions	G41	14 397	16 813	13 309
Accrued expenses and prepaid income	G42	14 194	16 782	18 612
Subordinated liabilities	G43	10 159	14 307	19 531
Liabilities directly associated with group of assets classified as held for sale	G55	219	76	97
<b>Total liabilities</b>		<b>1 711 102</b>	<b>1 743 674</b>	<b>1 760 469</b>
<b>Equity</b>				
Non-controlling interests	G44	165	154	140
Equity attributable to shareholders of the parent company		109 540	103 032	96 411
<b>Total equity</b>		<b>109 705</b>	<b>103 186</b>	<b>96 551</b>
<b>Total liabilities and equity</b>		<b>1 820 807</b>	<b>1 846 860</b>	<b>1 857 020</b>

## Capital

Swedbank's Common Equity Tier 1 ratio was 18.7 per cent according to Basel 2 and 18.3 per cent according to Basel 3 as of December 31, 2013. In November 2011 the

Swedish government, in consultation with the Riksbank and Swedish Financial Supervisory Authority (“SFSA”), presented new capital requirements for systemically important Swedish banks as part of the new regulation. In the proposal, these banks would need to hold Common Equity Tier 1 capital corresponding to at least 10 percent of risk-weighted assets in 2013, and 12 percent in 2015, and that the total capital at these times should be at least 3.5 percentage points higher. The EU Regulation CRR (Capital Requirements Regulation) and the Directive CRD IV (Capital Requirements Directive IV), which includes new rules on capital adequacy, liquidity and corporate governance, came into effect on January 1, 2014. The introduction of CRD IV, which, among other things, includes new capital buffers, is required to be implemented by Swedish legislation. A decision on new capital requirements for systemically important Swedish banks was taken after the summer of 2014 when the necessary legislative changes were enacted.

### **Major Funding Sources**

The funding activities of the NY Branch are closely tied to Head Office. Treasury within the NY Branch manages the market and liquidity risk in the assets of the Branch, either directly in its own balance sheet within set risk limits, or through funding from Head Office.

### **4. DERIVATIVE ACTIVITIES AND HEDGING ACTIVITIES**

The Branch does not enter into swap agreements with external parties directly. Such agreements are entered into with Head Office. The NY Branch may engage in transactions in cleared derivatives, such as financial futures, to hedge interest rate risk. The Branch uses these instruments to reduce its sensitivity to interest rate fluctuations.

### **5. MEMBERSHIPS IN MATERIAL PAYMENT, CLEARING AND SETTLEMENT SYSTEMS**

Currently, Swedbank entities have direct access to USD clearing mechanisms via chosen correspondent banks and settle transactions independently from each other. The NY Branch uses one main SSI (Standard Settlement Instruction) counterpart in USD clearing, which is used only for interbank settlements on behalf of the Branch.

### **6. FOREIGN OPERATIONS**

Swedbank has four geographical home markets: Sweden, Estonia, Latvia and Lithuania. To support these businesses, Swedbank has established branches in the neighboring markets of Finland, Norway and Denmark. In addition, Swedbank has branches in the major financial markets of the U.S. and China. Swedbank also has a branch in Luxembourg.

Sweden is Swedbank’s largest market. Swedbank has a leading position in several of Sweden’s most important market segments, including mortgage lending and private savings. Other important areas are cards and insurance. Swedbank also offers a broad range of products and banking services, including life and non-life insurance, as well as leasing, in Estonia, Latvia and Lithuania.

## 7. MATERIAL SUPERVISORY AUTHORITIES

### Regulation and Supervision in Sweden

The banking and financing business in Sweden is regulated pursuant to the Swedish Banking and Financing Business Act (*Sw: lagen (2004:297) om bank- och finansieringsrörelse*) (the “BFBA”). The BFBA governs the conduct of banking business in Sweden.

The BFBA also empowers the SFSA to supervise the business of banking in Sweden and contains provisions regarding the SFSA's supervisory and regulatory authority, including the power to conduct examinations, access records and other information, and to take appropriate remedial actions. The SFSA supervises Swedbank and all of its subsidiaries on a consolidated basis.

The investment services of Swedish banks are regulated by the Swedish Securities Markets Act (*Sw: lagen (2007:528) om värdepappersmarknaden*) (the “SSMA”). The SSMA covers investment services provided by banks and investment firms.

Swedbank has been granted a license from the SFSA to conduct banking business under the BFBA as well as, *inter alia*, licenses to carry out securities business under the SSMA.

### Regulation and Supervision in the U.S.

#### Banking regulation

Swedbank's banking operations in the U.S. are subject to both federal and state regulatory regimes. The NY Branch is licensed and supervised by the New York State Department of Financial Services (“NYSDFS”) and subject to examination by the NYSDFS. The NY Branch is also supervised by the Federal Reserve. The NY Branch does not accept deposits insured by the FDIC.

Under the IBA, because Swedbank maintains a branch in the U.S., it is treated as a bank holding company and thus is subject to many of the provisions of the Bank Holding Company Act of 1956, including activity restrictions and supervisory and enforcement authorities of the Federal Reserve. The Federal Reserve is responsible for supervising all of Swedbank's activities in the U.S.

#### Broker Dealer Regulation

As a registered U.S. broker-dealer under the Securities Exchange Act of 1934, SFS is subject to regulation by the Securities Exchange Commission and Financial Industry Regulatory Authority.



## 8. PRINCIPAL OFFICERS AS OF DECEMBER 31, 2013

Group Executive Committee	Position
Michael Wolf	President and CEO
Mikael Björknet	Head of Channels & Concepts
Birgitte Bonnesen	Head of Baltic Banking
Göran Bronner	Chief Financial Officer
Ulf Ejelöv	Head of North region
Björn Elfstrand	Head of Region Stockholm
Mats Engstrand <sup>1</sup>	Head of Group IT
Jonas Erikson <sup>2</sup>	Head of Group Treasury
Catrin Fransson <sup>3</sup>	Head of Group Products
Lars Friberg	Head of Group HR
Magnus Gagner Geeber	Head of Large Corporates & Institutions
Stojko Gjurovski <sup>4</sup>	Head of Region South
Marie Halling <sup>5</sup>	Head of Region East
Cecilia Hernqvist <sup>6</sup>	Chief Legal Officer and Head of Group Legal
Anders Karlsson	Chief Risk Officer
Lena Smeby-Udesen	Head of Region West
Johan Smedman <sup>7</sup>	Head of Central Region

## 9. CORPORATE GOVERNANCE STRUCTURE AND RESOLUTION PLANNING PROCESS

Swedbank has established a governance framework at both the group level and U.S. operations level to ensure that all aspects of resolution planning receive appropriate attention by the designated Board of Directors and Executive Committees.

The Board of the Bank has laid down key principles for the structure which comprise of three primary levels:

- Board level oversight,
- Group level executive management oversight, and
- Business level executive management monitoring and oversight.

<sup>1</sup> January 1, 2014 Anders Ekedahl assumes the position as Head of Group IT and succeeds Mats Engstrand in the Group Executive Committee.

<sup>2</sup> January 1, 2014 Jonas Erikson assumes the position as Head of Group Products, and resigns as Head of Group Treasury and Helo Meigas assumes the position as Head of Group Treasury and becomes a member in Group Executive Committee at the same time.

<sup>3</sup> January 1, 2014 Catrin Fransson resigns as Head of Group Products and Jonas Erikson assumes the position as Head of Group Products.

<sup>4</sup> May 21, 2014 Lars Ljungälv succeeds Stojko Gjurovski in the Group Executive Committee.

<sup>5</sup> August 4, 2014 Christer Trägårdh succeeds Marie Halling in the Group Executive Committee.

<sup>6</sup> January 1, 2014 Cecilia Hernqvist assumes the position as Head of Group Communication and remains as Chief Legal Officer and a member of the Group Executive Committee.

<sup>7</sup> March 10, 2015 Annika Hellström succeeds Johan Smedman in the Group Executive Committee.

The governance framework establishes the roles and responsibilities of committees for the global and local management of recovery and resolution planning. The instruction “Recovery and Resolution Planning”, that clearly describes the roles and responsibilities around recovery planning, was adopted by the CEO on May 5, 2014. Different functions within the Bank and the U.S. operations own the content, and thus are responsible for providing relevant information, reviewing and signing off on their respective parts of the U.S. resolution plan. The maintenance of the plan is coordinated by the CRO through Group Operational Risk. This function is also responsible for coordinating the activities needed to keep the plan updated and securing proper review and approval by the authorized decision making bodies.

## **10. MATERIAL MANAGEMENT INFORMATION SYSTEMS**

The Bank’s U.S. banking operations utilize management information systems to support a variety of business functions. These systems include applications to conduct business activities across all financial products, as well as generate accounting, financial, operations, regulatory and risk management reports. The relevant management information systems are described in Swedbank’s resolution plan.

## **11. RESOLUTION STRATEGY**

As required by the Final Rule, the Bank has assumed for purposes of this Resolution Plan that:

- An idiosyncratic event causes the failure of one or more major branches and subsidiaries of the Bank, leading to the material financial distress and ultimate failure of the Bank;
- Financial markets are functioning normally; and
- There is no extraordinary government support available to the Bank in the U.S. or Sweden that would affect the U.S. operations of the Bank.

Currently Sweden does not have a formal specialized statutory resolution regime for banks. Accordingly, the Swedish formal insolvency proceedings available to a Swedish bank would be bankruptcy/insolvent liquidation (*Sw:konkurs*) under the Bankruptcy Act (*Sw:Konkurslagen 1987:672*).

Swedbank is assuming for purposes of this resolution plan that the Bank’s resolution strategy for its U.S. operations, in the event of a material financial distress or failure of the Bank, would be to pursue an orderly liquidation of all assets of the NY Branch and the Bank’s U.S. nonbank subsidiaries.

Swedbank’s operations in the U.S. will be subject to several different insolvency regimes in the event of a failure or resolution of Swedbank:

- The NY Branch would be subject to liquidation under New York Banking Law.

- SFS would be wound down after the initiation of a Securities Investor Protection Act (SIPA) proceeding. SIPA operates in conjunction with the U.S. Bankruptcy Code in a liquidation proceeding.
- Ektornet U.S. would be resolved under either Chapter 7 (Liquidation) or Chapter 11 (Reorganization) of the U.S. Bankruptcy Code.

However, the Bank recognizes that future developments in the context of its global resolution strategy and implementation of the EU Recovery and Resolution Directive will impact its future resolution planning, and that ultimately, the resolution strategy chosen by the relevant resolution authority will be dependent on the facts and circumstances existing at the time of resolution.